

DRAFT**FISCAL NOTE**8:54 AM
MAR 04 2014STATE OF ALASKA
2014 LEGISLATIVE SESSIONBill Version HB 152
Fiscal Note Number _____
() Publish Date _____Identifier (file name) HB152-DOA-DRB-03-04-14

Title	<u>PERS Termination Costs</u>	Dept. Affected	<u>Administration</u>
Sponsor	<u>Representative Thompson</u>	Appropriation	<u>Centralized Administrative Services</u>
Requester	<u>House Labor & Commerce</u>	Allocation	<u>Division of Retirement & Benefits</u>
		OMB Component Number	<u>64</u>

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY15 Appropriation Requested	Included in Governor's FY15 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY15	FY15	FY16	FY17	FY18	FY19	FY20
Personal Services	***		***	***	***	***	***
Travel							
Services							
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	***	0.0	***	***	***	***	***

FUND SOURCE (Thousands of Dollars)

1002	Federal Receipts						
1003	GF Match						
1004	GF						
1005	GF/Prgm (DGF)						
1007	I/A Rcpts (Other)						
1156	Rcpt Svcs (DGF)						
		***	0.0	***	***	***	***

POSITIONS

Full-time							
Part-time							
Temporary							

CHANGE IN REVENUESEstimated SUPPLEMENTAL (FY14) operating costs 0.0 (separate supplemental appropriation required)
(discuss reasons and fund source(s) in analysis section)Estimated CAPITAL (FY15) costs 0.0 (separate capital appropriation required)
(discuss reasons and fund source(s) in analysis section)**ASSOCIATED REGULATIONS**Does the bill direct, or will the bill result in, regulation changes adopted by your agency? Yes
If yes, by what date are the regulations to be adopted, amended, or repealed? 7/1/2014 Discuss details in analysis section.**Why this fiscal note differs from previous version (if initial version, please note as such)**

DRAFT - Revised to reflect work draft Y.

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Approved by	<u>Curtis Thayer, Deputy Commissioner</u>
Division	<u>Department of Administration</u>

Phone	<u>465-5668</u>
Date/Time	<u>2/28/14 6:20 PM</u>
Date	<u>2/28/2014</u>

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FISCAL NOTE ANALYSIS

STATE OF ALASKA
2014 LEGISLATIVE SESSION

BILL NO. HB 152

Analysis

HB152 will change how the cost for termination of employees, groups, department, or classification of employees from the PERS Defined Benefit Plan (PERS DB) will be borne by PERS employers and the State.

Work draft \Y of this bill would repeal the statutes dealing with existing termination costs, but only if \$1.2 billion or more is appropriated by the Legislature to the trust funds of the public employees' retirement system (PERS) and the teachers' retirement system (TRS) for the fiscal year ending June 30, 2015, and the appropriation becomes law.

Employer rates for the PERS are set in statute at 22% of salary and cannot be increased. The costs associated with this bill would be borne by the State under AS39.35.280 which requires the State to make up any payments to the plan that exceed the PERS employer contributions to sufficiently pay the plan's past service liability for each fiscal year.

Buck Consultants, the PERS actuarial consultant, cannot accurately evaluate the fiscal impact of the bill unless the bill allocates specific amounts to the PERS and TRS trust funds. As a result, the Department of Administration considers the fiscal impact of work draft \Y to be indeterminate.

However, the cost to the State of Alaska for eliminating termination costs for employers does not change, regardless of the amount appropriated to the trust funds. Termination costs would be approximately \$75,000,000.